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**State of Vermont
Public Service Board**

To: Parties in PSB Docket Nos. 7523 and 7533

From: Board Staff

Re: Next steps in the process

Date: July 15, 2009

On July 10, 2009, Public Service Board ("Board") staff conducted a workshop in these Dockets. The primary purposes of the workshop were: (1) to hear presentations regarding experience with Feed-in-Tariffs in other jurisdictions, (2) to identify issues that require early determination, and the process for resolving these issues, and (3) to identify potential working groups and the tasks that these subgroups would carry out.

Presentations

Representatives from the National Renewable Energy Laboratory presented information on feed-in tariff policy and implementation, and a representative from Power Advisory, LLC, provided information regarding implementation of feed-in tariffs in Ontario and Florida. These presentations are available on the Board's website at:
http://www.state.vt.us/psb/document/7523Feed-InTariff/7523_main.htm

Issues for early determination

Participants and staff identified the following three general sets of issues that will require early determination, as well as the process and timeline for resolving the issues.

1. The nature of Docket 7533. The Board established that Docket 7533 would not be conducted as a contested case and stated that the record from Docket 7523 would be incorporated into the record of Docket 7533. (See Docket 7533, Order of June 29, 2009). Any participant who believes that the process established by the Board for Docket 7533 needs to be altered should file comments, by July 21, 2009, explaining why the process should be altered. Any reply comments should be filed by July 27, 2009. In particular, must the Docket be a contested case as a matter of law? If not, are there certain procedures associated with contested cases, such as hearings or ex parte rules that must apply to Docket 7533?

2. The legal authority to conduct an Auction to assist in the determination of standard offer prices. The Department of Public Service, in its July 2, 2009, comments, suggested that the Board examine the possibility of utilizing an auction-based procurement system to determine standard offer prices.

If the Department, or any other participant, believes that such an auction is consistent with statute, they should file, by July 21, 2009, an analysis of why an auction is consistent with statute, what specific features an auction would need to contain to make it consistent with Section 8005(b)(2), and sufficient detail of the auction to allow meaningful comment. Any reply comments should be filed by July 27, 2009.

3. Project Eligibility. At the June 19, 2009, workshop, participants raised issues related to eligibility of certain projects for standard offer prices. The basic questions raised are "what is the event that determines the eligibility of a given facility for a specific set of rates" and "must that event occur prior to either (1) construction of the facility or (2) approval by the Board of site preparation and construction under applicable law (Section 248 or 219a)." Specific questions include

1. Is the standard offer available for existing generation facilities, including net metering facilities?
2. Is the standard offer available for generation facilities eligible for the SPEED program that have been constructed, but are not yet selling power or participating in net metering?
3. Is the standard offer available for generation facilities eligible for the SPEED program that have not yet been constructed, but have received approval under either Section 219a or 248?
4. Can the Board allow facilities that have not yet been constructed or sought approval under Sections 248 or 219a prior to the establishment of the standard offer (required by statute to be completed by September 30, 2009) to obtain the standard offer rate once it is available?
5. Can the Board limit the participation of small-scale facilities?
6. Are there any statutory barriers to establishing a queue for resources?

Any comments on these issues should be filed by July 21, 2009, with reply comments due July 27, 2009.

Establishment of working groups

Board staff and participants established the following working groups to focus on specific issues. One Board staff member would work with each of the working groups.

1. Standard Contract Structure. This working group will establish a draft standard contract available to developers of eligible generation resources. The facilitator of this working group will be David Mullett (dmullett@vppsa.com). Board staff involved with this working group will be Ed McNamara (ed.mcnamara@state.vt.us).

2. Interconnection/Wheeling Charges. This working group will address issues related to

wheeling and interconnection. The facilitator of this working group will be Morris Silver (mlsilver@sover.net). Board staff involved in this working group will be Mary Jo Krolewski (mary-jo.krolewski@state.vt.us).

3. Cost Analysis. This working group will determine what assumptions are used for developing standard offer prices. The facilitator of this working group will be Riley Allen (riley.allen@state.vt.us).

4. Settlement issues. This working group will address issues related to output data acquisition, power billing, and payment for power generated by projects eligible for standard offer prices. The facilitator of this working group will be John Spencer (jspencer@veppi.org). Board staff involved in this working group will be Riley Allen.

In addition to these four working groups, there is the potential to develop a working group related to queue issues, depending on the July 21 and 27 filings. This working group, if formed, would address the establishment of a queue process and related issues.